

**Town of Garfield
Financial Summary Report Narrative
3rd Quarter 2009**

CURRENT EXPENSE (CE) 001

Revenues

Taxes

Property taxes are at 51% of budget, right were we would expect them to be. With the second half of property taxes not due until October 31st, the month of November is the largest month for receipt of property taxes.

Local sales tax received is above the budgeted figure of \$19,000, with \$19,739 received to date.

Criminal justice tax receipts to date are at 93% of the budget.

Utility taxes for water, sewer and garbage are right on target with the 2009 budget, each at 75% of projection or slightly above. The electricity utility tax is at 83% while telephone is slightly under at 62%. The telephone utility tax has been the hardest to gauge for a budget and to get notification to the telephone service providers. In fact, just in the first week of October, a new telephone provider started making monthly utility tax payments (.19 cents).

Licenses/Permits

This entire category reflects a very minor portion of the total municipal budget and can vary widely year-to-year based upon building activity, dogs licensed, timing of TV franchise fees payments, and the volume of concealed pistol licenses. For example, 75% of the building permit fees collected are paid to the building inspector for his fine services, while roughly 50% of the concealed pistol licenses goes to state agencies. To date building permit revenues are over the full budgeted figure as well as animal licenses, but conditional use/variances are low.

State Generated Revenues

State shared revenues mirror the overall state economic condition, with revenues to the town going up or down accordingly. The CTED planning-only grant receipt of \$5,335 was for the final payment on the Public Safety Building Feasibility Study. This receipt is 100% offset by the same expenditure of \$5335 to the engineering firm. As we've seen all year, City Assistance funding is short at 70% of the budget with \$15,405 receipted to date. The final payment of \$3,032 will be received in late December, bringing this year's total receipts to \$18,437. This, however, is an unexpected surprise, as projections were down as low as \$10,500 for the year. With the final payment in December, this line item would be approximately \$3,500 short of the \$22,000 projected, much better than originally anticipated. The balance of state shared revenue line items are on target at 75% to 87% received to date.

Misc. Revenues

Miscellaneous revenues are at 51% of the budget. This revenue category can be difficult to budget as it can vary greatly from year to year. It is typically not a high revenue amount. Interest earnings are way down this year, at only 26% of the budget. Additionally, space and facilities rentals (community center) will likely end up way under this year as the weekly quilters group no longer meets at the center. For 2009, the budgeted figure for this entire category is \$1355.

Non Revenues

Non-revenues represent monies that the town simply collects and passes on to other agencies, such as the \$4.50 per building permit state fee or the portion of fees for concealed pistol licenses the state charges for processing.

Expenditures

Legislative and Executive

As was the case in 2008, in total, these departments are significantly under budget this year due to the generosity of the mayor and council in declining any payment. The one-time annual insurance payment is made in January so this line item is at 100% of budget.

Judicial

This fund represents the contract with the county for court services. The second half year payment will be made in early December.

Finance

This department represents ½ of the clerk-treasurer's expenses plus any financial costs. The annual insurance and software payments are made in January so these line items are at basically 100% of budget. The entire category is at 72% of budget at the end of September.

Legal

This department covers the costs of the town's legal counsel. His monthly retainer is paid the second council meeting each month for services rendered and is right at 75% for the 3rd quarter.

Central Services

In 2009, this entire expense category was folded into the funds/departments more clearly reflecting the activities/functions undertaken. The expenses now appear under legislative finance, fire, water, sewer, garbage, etc.

General Government

This expenditure of \$310.13 represents the annual dues to the Association of Washington Cities. No other expenditures are billed to this department.

Law Enforcement

This expense is covered under the police services agreement with the City of Palouse and appears under Other Expenditures Intergovernmental Payments.

Fire

To date, this department is at 62% of budget. For the first 5 months of the year, there was no fire chief and hence no salary costs. The new fire chief started in June.

Protective Inspections

The building inspector contract is paid from this department. Per agreement, the town pays the inspector 75% of the permit fee. As of September, this expenditure line is at 64% of budget.

Communications/Alarms/Dispatch

Both police and fire telephone and fire siren expenses are paid from this department. The budget was at 70% by the end of September. Reimbursement from the Rural Fire District will offset expenditures in this fund for fire department costs.

Other Environment Services

There have been no expenditures to date from this fund for animal control. Generally dog tags for the following year are not purchased until the last quarter of the current year.

Planning & Community Development

There have been no expenditures to date.

Substance Abuse

This is a state mandated payment to the authorized county substance abuse counseling service (Palouse River Counseling) and is based upon liquor sales. Palouse River Counseling submitted its first payment request in May 2009 for the 4th Quarter 2008 and 1st Quarter 2009.

Park

This fund is right at 87% of its budget for 2009 and likely should not have many more expenditures.

Non-Expenditures

These expenditures are pass-thru costs, such as the \$4.50 for building permits and processing costs for concealed pistol licenses collected (agency deposits) and sent to the state. This category is at 21% of its budget.

Capital Expenditures

To date \$86 has been spent in this department.

Interfund Transfers

No expenditures to date. Historically, transfers from current expense to selective funds (equipment, police, fire, current expense reserve funds) are not made until November.

Other Expenditures Intergovernmental Payments

As noted above, expenditures in this fund represent the agreement with the City of Palouse for police services. The initial agreement for services expired April 30, 2009. A new agreement was approved by the council this April, and runs from May 1, 2009 through December 31, 2010, with no cost increase until May of 2010, when the monthly fee will go from \$5,500 to \$5,665.

CURRENT EXPENSE (CE) RESERVE 002

Revenues

Revenues for this fund originated from the Current Expense (CE) Fund. The council's intent was to have sufficient funds set aside for the 3-year audit that is scheduled for 2010. The next audit will cover the years of 2007 – 2009. The 3-year audit completed in 2007 was over \$11,000. Early discussions with the auditor indicate roughly 130 hours scheduled for the audit in 2010, at a current hourly rate of \$78, plus travel. A \$2,000 interfund transfer from current expense is scheduled to occur in November 2009.

Expenditures

The council budgeted a \$5,000 transfer from the CE Reserve Fund to the CE Fund if cash flow requires such action. To date, no transfer or portion there of, has been required.

STREET FUND 101

Revenues

Property Taxes

The small figure of \$324 in this year's financial report is for the final 2008 street special levy received in January 2009. No property taxes will be received in the street fund until 2010.

State Generated Revenues

Motor Vehicle Fuel Tax

To date, revenues are over the projected budget of \$10,000 with receipts at \$10,113.

Inter Fund Transfer

The council budgeted a \$28,000 transfer from the Street Reserve Fund to the Street operating fund. Because of cash flow, to date, \$14,000 of that transfer has been made. It is anticipated another transfer will be required in the last quarter of 2009.

Expenditures

Because of the revenue shortfall with no special property tax levy, this fund was scaled back in the 2009 budget process to cover the basics for street operations. The current 3rd quarter operating expenditures are at 62% of the annual budget projected for the year. The annual insurance premium and final 2008 Sidewalk Project were paid in full during the 1st quarter of 2009 and are at 100% of budget.

STREET RESERVE FUND 102

Revenues

The only revenue projected for this fund is interest of \$1,600. To date, \$476 in interest has been received, representing only 30% of the budget. Interest is down within all the operating funds.

Expenditures

A \$14,000 Inter Fund transfer was done from the Street Reserve Fund to the Street Fund in May of this year. It is anticipated another transfer will be required in the last quarter of 2009.

LIBRARY FUND 103

Revenues

A portion of the town's general property tax levy is allocated to this fund to cover the library contract costs with Whitman County. The final payment of \$4,753.34 is due to the library at the end of November. The majority of the property tax for this year has been allocated. It is possible with the carry over of \$223 into 2009; no additional property taxes will need to go into this fund. At the end of 2009, the council can chose to close this fund as the voters approved annexing into the Whitman County Library District effective 2010.

Expenditures

The final payment of \$4,753.34 is due to the Whitman Count Library District at the end of November. The majority of the property tax for this year has been allocated.

CAPITAL FACILITIES FUND 104

Revenues

The revenue for this fund is real estate excise tax and is based upon house sales. It can vary widely from year to year. In 2008 the budget for this fund was \$3,800 with actual receipts of \$3,700. With the slowdown in housing sales, the 2009 budget was lowered to \$2,500 but thus far receipts have been \$633 this year.

Expenditures

No expenditures have been budgeted for this fund in 2009.

**FIRE EQUIPMENT RESERVE 110
POLICE EQUIPMENT RESERVE 111
EQUIPMENT RESERVE 112**

Revenues

The major revenues for these funds are Inter Fund Transfers from Current Expense. These typically do not occur until November.

Expenditures

No expenditures have been budgeted for these funds in 2009.

PARK GAZEBO/BANDSTAND 113

This fund only earns interest at this time. To date there have been no expenditures, but plans are being made for the final design and purchase of materials.

WATER FUND 401

This fund comprises all three utilities – water, sewer and garbage (including recycling.)

Revenues

Starting with 2009, a portion of the utility payments for water, sewer and garbage were designated for the reserve funds – Utilities Reserve (410) and Utilities Equipment Reserve (412). Hence the two revenue lines each for water, sewer and garbage sales. Starting in late February the portion of the utility rates for reserves was designated directly in the BIAS accounting software and reflected under the “combined reserve” line items. Prior to this it appeared under “sales” for each utility respectively. All three operations – water, sewer and garbage – are right on target with budgeted revenues at 76% or higher for the 3rd quarter.

Expenditures

Total water expenditures were right at 79% for September 30th. Water Professional Services is at 91% of budget as this reflects the full annual payment to BIAS for accounting software maintenance. The one-time annual insurance payment is made in January so this line item is at 100% of budget. The only line items significantly above 75% for the year are Supplies-Meters and Fittings, due to the purchase of new meters and fittings to upgrade older meters and parts, Travel and Training, reflecting classes to date for public works.

Total sewer expenditures as of September 30th were at 65% of budget. As with the water, Professional Services and Insurance reflect the full annual payment and are at 100% of budget. The only line items significantly above 75% for the year are Miscellaneous Supplies and WWTP Maintenance and Repair, reflecting repairs that had to be made early in the year.

Total garbage expenditures were at 66% for September 30th. As with the water and sewer departments, Professional Services and Insurance reflect the full annual payment. The only line items significantly above 75% for the year are Recycle Bags, with a purchase made early in the year, Communications for phone and internet, and Utilities for the WWTP.

In 2009, the 538 portion of the Water Fund for other utilities and activities expense category was folded into the separate utilities, more clearly reflecting the activities/functions undertaken.

Capital Expenditures include payments to Keltic Engineering for the 2nd Street Water Line Replacement project, the purchase of the line locator and sewer camera, plus the paving of the Recycling Center. Very much appreciated, the paving cost is being fully reimbursed through a grant with Whitman County and the Department of Ecology.

The Inter Fund Transfers to date reflect the initial transfer from the Water Fund to the new Utilities Reserve Fund (\$115,000), the transfer to the Water Loan Fund (\$23,471) the transfer to the Sewer Loan Fund (\$51,197), and the monthly water, sewer and garbage utility payments to the Utilities Reserve Fund and the Utilities Equipment Reserve Fund.

WATER LOAN 402

This fund was established to repay the Public Works Board (Dept of Health) loan for the water reservoir. The annual payment, \$23,471 for 2009, is due each October and was paid at the 2nd council meeting in September. The revenue for this payment comes from an Inter Fund Transfer of \$23,471 from the Water Fund.

SEWER LOAN REDEMPTION 403

This fund was established to repay the Department of Ecology loan for the wastewater treatment plant (WWTP). The annual payment of \$51,197 is made in two installments per year in March and September. The revenue for this payment comes from two Inter Fund Transfers totaling \$51,197 from the Sewer Fund. Both payments for this loan have been made this year.

UTILITIES RESERVE 410

This new fund was established as part of the 2009 budget cycle as a reserve fund for the town utilities – water, sewer and garbage. Initial funds to establish this reserve came from the Water Fund (\$115,000) and the balance of funds in the Sewer Reserve Fund (\$42,129.56). Starting with 2009 utility payments, a portion each month is designated for this reserve fund. No expenditures have been budgeted for this fund in 2009.

SEWER RESERVE 411

As part of the 2009 budget cycle, this fund was closed and its remaining funds (\$42,129.56) were transferred into the new Utilities Reserve Fund January 2009.

UTILITIES EQUIPMENT RESERVE 412

Previous to 2009 this fund's revenues came from interest and Inter Fund Transfers from the Water Fund. Starting this year, revenues for this fund come from interest and a portion of the utility payments designated for this reserve fund. No expenditures have been budgeted for this fund in 2009.

SEWER LOAN RESERVE 413

This fund was required when the town received its loan from the Department of Ecology for the WWTP. The town is required to have sufficient resources in this fund to make the final loan payment in 2022. Revenues for this fund come from interest only. As of September 30th it was at 39% of its budgeted interest, again in line with much lower interest earnings in other funds too.

GARFIELD PDA 621

This fund has no revenues or expenditures for 2009. This fund was started when the town formed the Garfield Public Development Authority. The council could choose to close this fund.

WATER DEPOSITS 633

This fund is solely for collecting water utility deposits (non-revenues). After 12 calendar months with no payment problems, water deposits can be applied to the corresponding account or reimbursed to the water user directly. Expenditures (listed as non-expenditures) from this fund are for water deposit reimbursements.